

# IRS News Release

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## **Interest Rates Rise for the Second Quarter of 2005**

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WASHINGTON — The Internal Revenue Service today announced there will be a change in the interest rates for the calendar quarter beginning April 1, 2005. The interest rates are as follows:

- six (6) percent for overpayments [five (5) percent in the case of a corporation];
- six (6) percent for underpayments;
- eight (8) percent for large corporate underpayments; and
- three and one-half (3.5) percent for the portion of a corporate overpayment exceeding \$10,000.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points. Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3 percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point.

The interest rates announced today are computed from the federal short-term rate based on daily compounding determined during January 2005.

Rev. Rul. 2005-15, announcing the new rates of interest, is attached and will appear in Internal Revenue Bulletin No. 2005-11, dated March 14, 2005.